

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6835**

**BILL NUMBER: SB 378**

**DATE PREPARED:** Jan 4, 1999

**BILL AMENDED:**

**SUBJECT:** State Police salary matrix.

**FISCAL ANALYST:** Mark Bucherl

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**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill increases the number of increments in the State Police salary matrix from 10 to 15. It provides that the top salary of the pay range for each rank of police employee within the State Police department may not be less than the average of the top salary paid to State Police officers of equivalent rank in the four states that surround Indiana. It also appropriates money from the state General Fund and the Motor Vehicle Highway Account to pay for salary increases that result from changes in the matrix.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** The ultimate fiscal impact of this bill will be dependent upon an appropriation decision of the General Assembly and the maximum salaries in a new 15-year matrix. Indiana State Police ranks were compared to similar ranks in a 1998 survey of Illinois, Kentucky, Michigan and Ohio in determining an average of top salaries. (The provisions of this bill require that a salary analysis use January 1, 1999 salary figures, not currently available.) The fiscal impact of a new matrix will be based on what percentage increase will occur in each year of the matrix. Two methods, explained below, were used to estimate a potential impact. **The total first year increase may range from \$8.89 M and \$12.08 M.** The funds affected are the state General Fund, the Motor Vehicle Highway Account, and the Motor Carrier Regulation Fund, all of which support the State Police.

Based on a survey, the following State Police salary information was gathered (note: no state surveyed uses the rank of corporal; Indiana has 41 corporals out of a total of about 1,244 officers).

<u>Ranks</u>	<b>States Maximum Salaries (January 1, 1998)</b>					<b>Percent above</b>	
	<u>Indiana</u>	<u>Ohio</u>	<u>Kentucky</u>	<u>Illinois</u>	<u>Michigan</u>	<u>States Avg.</u>	<u>Indiana</u>
Trooper	\$39,008	\$37,336	\$51,870	\$62,916	\$44,767	<b>\$49,222</b>	<b>26.18%</b>
Corporal	\$40,802					<b>\$50,541</b>	<b>23.87%</b>
Sergeant	\$43,454	\$45,094	\$47,463	\$67,020	\$51,699	<b>\$52,819</b>	<b>21.55%</b>
First Sergeant	\$45,170	\$51,106		\$71,352	\$57,691	<b>\$60,050</b>	<b>32.94%</b>
Lieutenant.	\$46,444	\$54,725	\$48,633	\$76,296	\$62,431	<b>\$60,521</b>	<b>30.31%</b>
Captain	\$48,290	\$62,005	\$62,184	\$81,708	\$71,660	<b>\$69,389</b>	<b>43.69%</b>
Major	\$51,618	\$68,349	\$66,700	\$84,564	\$82,601	<b>\$75,553</b>	<b>46.37%</b>
Lt. Colonel	\$64,800	\$75,296	\$71,627	\$98,724	\$97,363	<b>\$85,753</b>	<b>32.33%</b>
Colonel	\$71,222	\$86,278	\$71,667	\$98,340	\$96,000	<b>\$88,071</b>	<b>23.66%</b>

Among the states surveyed, the average maximum salaries for all ranks was about 31% over comparable Indiana ranks [(To estimate a corporal average, the average maximum of troopers and sergeants salaries was used). (Also, Kentucky maximum salaries have no fixed limit, and maximum salaries, e.g. trooper salaries, may be affected both by tenure and political appointment.)] *Additional details regarding survey and salary methods are available upon request from LSA.*

### **Salary Costs and Benefits Estimate**

The current total salary expenditure for State Police officers is about \$46.8 M for 1,244 officers, 709 of whom have 11 years or more of service under the present 10-year matrix. Under a new 15-year matrix, the maximum salary (calculated from the maximum average of other states salaries) is applied to year 15; in the preceding years, annual increases may be spread evenly to reach this maximum. The first-year fiscal impact of changing to a 15-year matrix is here based on two scenarios: (1) a “flat rate” increase where the salary differential is divided evenly over year two to year 15; and (2) a weighted increase where 90% of the maximum salary differential is evenly applied over years 2 through 7, and the remaining 10% is evenly applied over years 8 through 15 (this is similar to what is used in the current 10-year matrix). (The current matrix uses troopers’ first year salary as a base; all others begin the base salary in year two.)

**Flat Rate Salary Increase:** The total annual salary expenditure for a new 15-year matrix, using the same salary bonus each year, is \$53.5 M. The increase above the current salary/benefit expenditure is about \$8.9 M, including benefits.

**Weighted Salary Increase:** Using the current matrix structure, the estimated salary expenditure would be \$55.9 M. The annual increase above the current salary expenditure is about \$12.1 M, including benefits.

**Explanation of State Revenues:** An increase in State Police salaries will also increase collection of the income and sales taxes. Assuming that the additional income will be taxed at the current income tax rate of 3.4% and half of this income will generate additional sales tax revenue, the state could receive about \$396,000 to \$533,000 in additional revenue.

Income tax revenue is deposited in the state General Fund. Gross retail (sales) and use taxes are deposited in the state General Fund (59.2%), the Property Tax Replacement Fund (40%), the Public Mass

Transportation Fund (0.76%), and the Industrial Rail Service Loan Fund (0.04%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Local option income tax counties may receive a minimal revenue increase.

**State Agencies Affected:** State Police.

**Local Agencies Affected:** Counties with a local option income tax.

**Information Sources:** Mike Smith, Indiana State Police, 232-8227; Peggy Belli, Ohio State Police, (614) 466-5269; Lt. Tom Porter, Kentucky State Police, (502) 695-6353; Jim Finley, Illinois State Police, (217)782-0132; Phyllis Holton, Michigan State Police, (517) 332-2521.